



# Diesel Technology Forum Retrofit Funding Opportunities

Michigan Clean Fleet Conference

March 22, 2006



# Diesel Technology Forum

## ***Objective:***

Increase awareness about clean diesel technology

## ***Membership:***

Includes energy companies, engine & vehicle manufacturers and emission treatment companies

## ***Methods:***

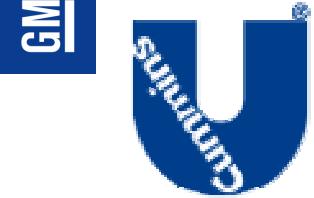
Educational materials & outreach events



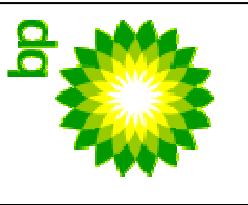
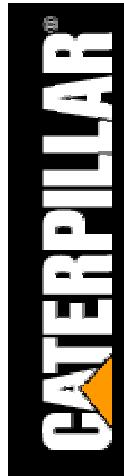
# Diesel Technology Forum

## Leaders in Promoting Clean Diesel Technology

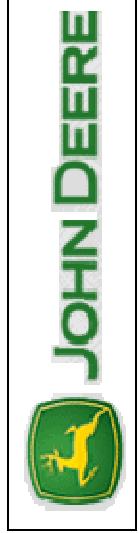
General Motors



Johnson Matthey



Garrett®



DENSO



DAIMLERCHRYSLER



Diesel  
Technology  
Forum

# Diesel Emissions Reduction Act (DERA)

- Sen. Voinovich (R-OH), Sen. Carper (D-DE)
- Creates dedicated diesel retrofit funding program
- **Authorizes \$200 Million/yr -- 5 yrs**
  - 70/30 overall funding split – National – State
- Criteria: 50 % of funding must go to public fleets'
  - Fleet = “one or more diesel vehicles or mobile or stationary diesel engines.”
  - All Sectors, applications, vehicles & equipment
  - Priorities to non-attainment areas, cost effective projects and those benefitting greatest number of people
- Provides matching incentive for state-funded programs
  - Not more than 10 % of funds to non-verified emerging technologies



# Transportation Bill -- CMAQ Funding

## ► SAFETEA-LU

- \$1.6 to \$1.8 Billion/year overall program – 2005-2009

► **What's eligible?**: “replacement, re-powering, rebuilding, after treatment or other technology, as determined by the Administrator”

## ► Who decides?

- States and MPOs are directed to give priority to “(1) diesel retrofits, particularly where necessary to facilitate **contract** compliance, and other cost-effective emission reduction activities, taking into consideration air quality and health effects; and (2) cost-effective congestion mitigation activities that provide air quality benefits.”



# EPA DERA Appropriations: Pros and Cons

## ► PROS:

- Finally, a dedicated retrofit program with all our requested language
- Established by consensus process -- industry and environmental groups – easy path forward for implementation
- High degree of support 92-1 passed Senate

## ► CONS:

- Nice program but NO money guaranteed yet
- New program seeking NEW MONEY
  - New Money is hard to find in Washington – war, hurricanes, conservatives
- Competing constituencies – school buses vs. others



# CMAQ Funding

## ► PROS:

- Significant magnitude of funding \$1.6 Billion
- Diesel retrofit priorities made evident
- Broad opportunity for replacement, re-power, retrofit,
- Covers contracting requirements— *important for contractors.*

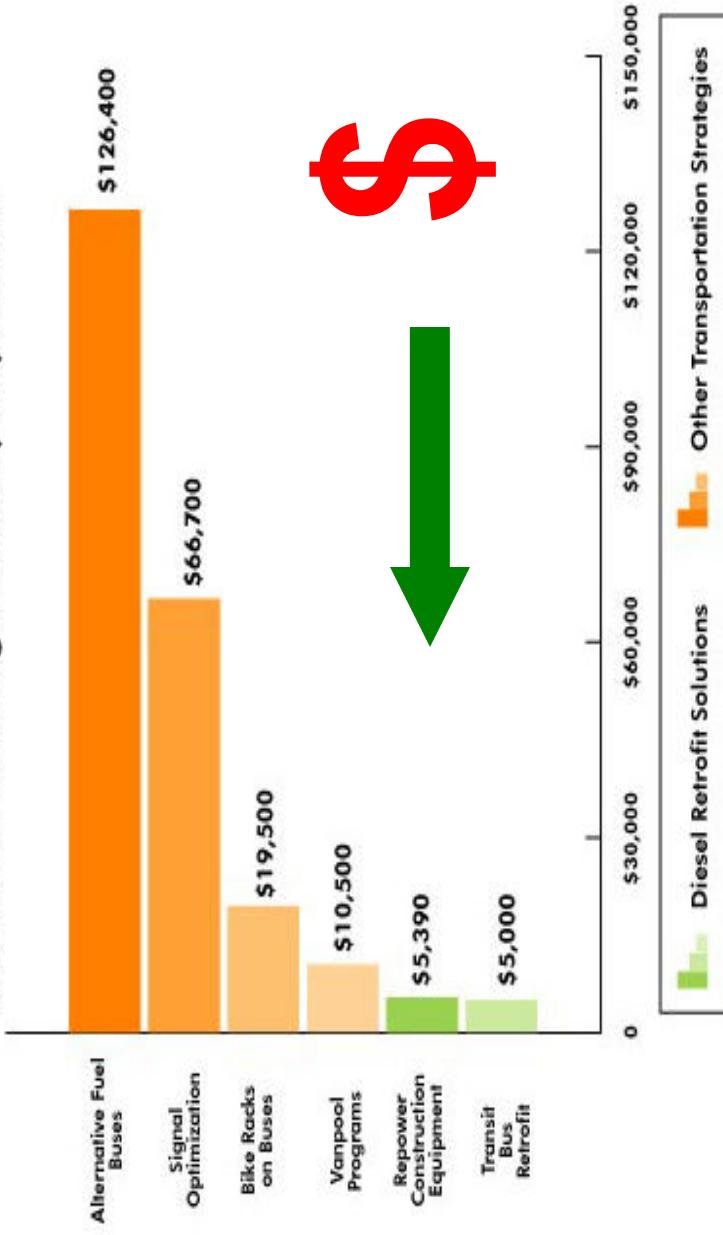
## ► CONS:

- Diesel retrofit is “new kid on the block”
- Competes with well-entrenched constituencies – road builders, environmental groups, rails to trails, mass transit etc.
- Expected higher degree of bureaucracy, project submission
- Diesel industry “weak” in generating support for projects compared to local environmental groups that have years of CMAQ funding experience



# Clean Diesel Retrofits are Cost-Effective

Cost Per Ton of Nitrogen Oxides (NO<sub>x</sub>) Reduced



This chart represents a sample of CMAQ-eligible strategies, including specific project examples. For a more complete list of CMAQ-eligible strategies, the cost-effectiveness of these project examples and full sourcing information, visit [www.dieselselforum.org/retrofit](http://www.dieselselforum.org/retrofit).



# Assessment of Funding Options

- Most funding available:  
\$1.6 Billion/yr /'05-'09
- Most dedicated program:
- Widest eligibility:  
DERA
- Most uncertain funding:  
Max \$200 million/yr for 5 yrs= \$1 Billion
- Most difficult application process  
CMAQ
- Most Competitive Source:  
CMAQ



# Congressional Funding

- ▶ President Bush's DERA budget request for \$49.5 million
- ▶ While short of \$200 million authorized, significantly more than appropriated last year
- ▶ State and local air quality grant budget cut by \$35.1 million to \$185.2 million
- ▶ State & local grant program funds basic pollution control activities – needed for implementation of DERA



**For More Information**

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